

Impact Fees

City of Dunwoody, GA
Mayor & Council Presentation
May 14, 2012

Bill Ross, President
ROSS+associates

Agenda

What Are We Studying?

The Comprehensive Plan Connection

'Fair Share' Funding

Dunwoody's Capital Costs and Potential Fees

Facts about Impact Fees

Next Steps

Taxes vs. Fees

- Taxes

Based on property value, money spent, income

No required connection between taxes paid and services received

- Fees

Direct connection required between payment and services received

“Rational Nexus”

Exactions for System Improvements

The Ga Development Impact Fee Act says:

A “system improvement” is a public facility that serves the community at large.

An “exaction” is ... the payment, dedication, or contribution of goods, services, land, or money as a condition of approval of a development.

Cities and Counties may impose development exactions for system improvements “**only by way of development impact fees** imposed in accordance with the provisions of” the State Act (DIFA).

What's an Impact Fee?

A charge ...

levied on new building construction ...

to cover the cost of constructing or providing
public facilities ...

that are needed specifically to serve such new
growth and development.

What's an Impact Fee?

A charge ...

levied on new building construction ...

to cover the cost of building or providing public facilities ...

that are needed only to serve such new growth and development.

The impact fee must be proportional to the demand placed on the public facilities by each building project.

Public Facilities

- Water supply, treatment & distribution.
- Wastewater collection, treatment & disposal.
- Roads, streets, and bridges.
- Storm-water and flood control facilities.
- Parks, open space, and recreation.
- Law enforcement – police, 911, fire, emergency medical, and rescue.
- Libraries.

Public Facilities - Dunwoody

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The Fee Study Documents

- Impact Fee Assessment Report
(recommendations on what categories to study)
- Impact Fee Methodology Report
(how much could be charged?)
- Capital Improvements Element
(planning connection)
- Impact Fee Ordinance
(fee schedule & implementation)

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- Impact Fee Assessment Report ✓ **DONE**
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The Planning Connection: DIFA

Municipalities and counties which have adopted a **comprehensive plan** containing a **capital improvements element** are authorized to impose by ordinance development impact fees as a condition of development approval on all development pursuant to and in accordance with the provisions of this chapter.

Capital Improvements Element

"Capital improvements element" sets out

- projected needs for system improvements during a planning horizon established in the comprehensive plan,
- a schedule of capital improvements that will meet the anticipated need for system improvements, and
- a description of anticipated funding sources for each required improvement.

CIE Link

The CIE establishes the impact fee project listing for each Public Facility Category, including ...

- The estimated cost of each project.
- The percentage of each project that is impact fee eligible.
- A schedule of projects by priority.

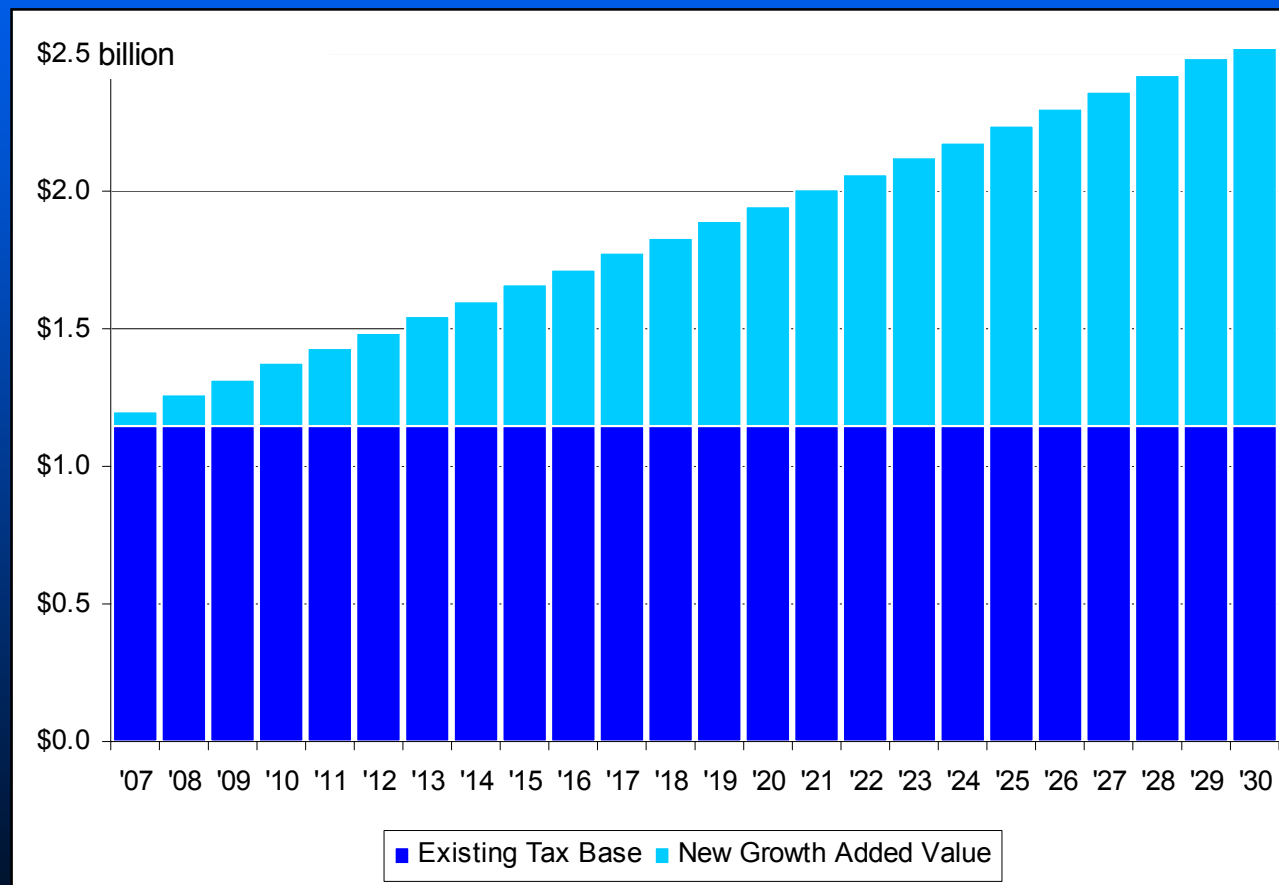
Major changes in the projects to be funded may require an amendment to the CIE.

Financial Implications

Paying for improvements with taxes means that the existing tax base pays the bulk of the cost for the facilities demanded by new growth

“Fair Share” Funding

New Growth and Tax Base Value



Dunwoody's Capital Program

FUNDING	Public Safety	Parks & Rec	Roads	SUMMARY
CIE Creation	\$ 27,057	\$ 27,057	\$ 27,057	\$ 81,170
New Capital Investment	\$ 425,242	\$ 16,532,328	\$ 12,092,152	\$ 29,049,723
City Capital Investment	\$ 452,299	\$ 16,559,385	\$ 12,119,209	\$ 29,130,893
Funding Responsibility:				
Existing Tax Base	\$ -	\$ 10,743,689	\$ 9,923,191	\$ 20,666,880
New Growth	\$ 452,299	\$ 5,815,696	\$ 2,196,018	\$ 8,464,013
New Growth Revenue:				
Taxes	\$ -	\$ 860,352	\$ 1,192,017	\$ 2,052,369
Shortfall	\$ (452,299)	\$ (4,955,344)	\$ (1,004,001)	\$ (6,411,644)

Dunwoody's Capital Program

Total **\$29.1** million in local costs to be funded for capital improvements in:

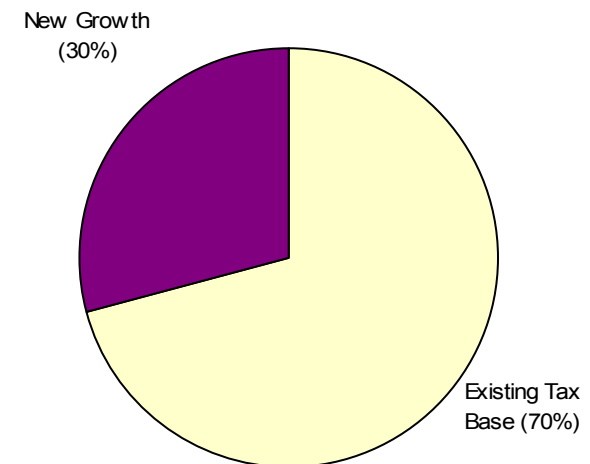
- Public Safety (\$0.4 million)
- Parks & Recreation (\$16.6 million)
- Road Improvements (\$12.1 million)

Total to support **new growth: \$8.5** million.

Dunwoody's Capital Program

WITH impact fee program in place:

- Tax rate to fund ineligible portion of projects: about **0.316 mils** per year, every year to 2030.
- Taxes from current tax base: \$20.7 m.
- Taxes generated by new growth: \$2.1 m.
- Impact fees from new growth: \$6.4 m.

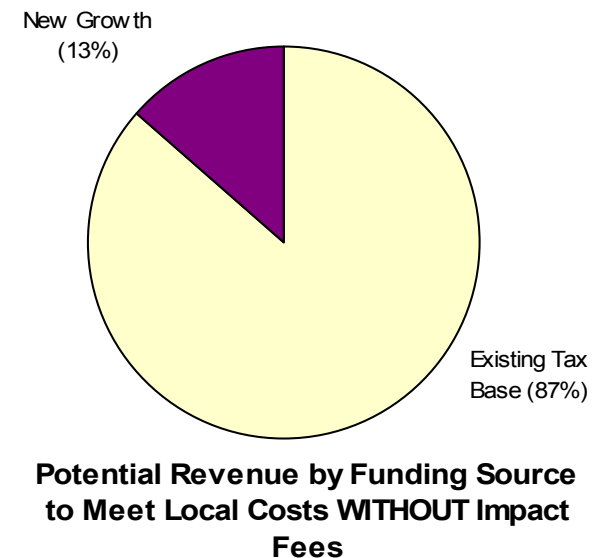


Potential Revenue by Funding Source to Meet Local Costs WITH Impact Fees

Dunwoody's Capital Program

WITHOUT an impact fee program:

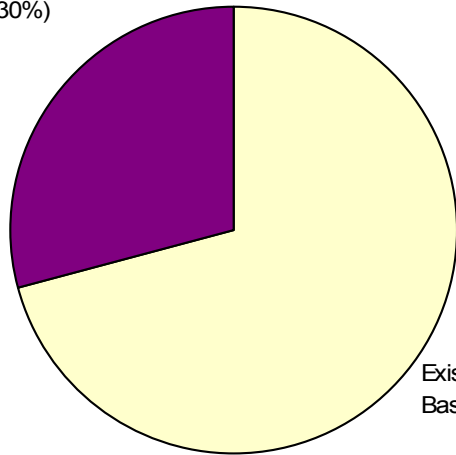
- Tax rate to fund all of the improvements to 2030: about **0.445 mils** per year, every year.
- Taxes from current tax base: \$25.1 m.
- Taxes generated by new growth: \$4.0 m.



Dunwoody's Capital Program

With Impact Fees

New Growth
(30%)

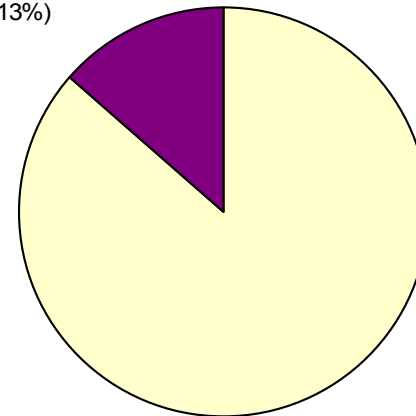


Existing Tax
Base (70%)

**Potential Revenue by Funding Source to
Meet Local Costs WITH Impact Fees**

Without Impact Fees

New Growth
(13%)



Existing Tax
Base (87%)

**Potential Revenue by Funding Source
to Meet Local Costs WITHOUT Impact
Fees**

Maximum Fees & Examples

Land Use	Max Rate		Example	Total Fee
Single-Family House	\$ 964.31	per d/u	New House	\$ 964
Apartment	\$ 952.76	per d/u	100 Units	\$ 95,276
General Light Industrial	\$ 0.10	per sf	10,000 sf	\$ 966
General Office Building	\$ 0.14	per sf	100,000 sf	\$ 13,687
Drive-in Bank	\$ 1.13	per sf	5,200 sf	\$ 5,887
Free-Standing Superstore	\$ 0.13	per sf	140,000 sf	\$ 17,679
Shopping Center	\$ 0.15	per sf	140,000 sf	\$ 20,457
Quality Restaurant	\$ 0.45	per sf	5,200 sf	\$ 2,341
Fast-Food Restaurant	\$ 1.13	per sf	3,200 sf	\$ 3,603
Pharmacy/Drugstore	\$ 0.19	per sf	35,000 sf	\$ 6,811

Impact Fee Calculation

For Each Public Facility Category ...

- Determine Desired Level of Service
- Forecast Future Demand
- Identify Projects to Meet Future Demand
- Estimate Cost of Projects
- Divide Cost of Projects by Those Served

Parks – Planned Facilities

	Current LOS	Plan LOS	Needed to Serve:		Total New
			Current Pop	Future Pop	
Park Land (acres)	7.14	12.76	125.7	73.0	198.6
Volleyball Courts	0.000	0.071	1.6	0.4	2
Basketball Courts	0.000	0.071	1.6	0.4	2
Tennis Courts	0.089	0.285	4.4	1.6	6
Restrooms	0.134	0.285	3.4	1.6	5
Picnic Areas	0.045	0.142	2.2	0.8	3
Concession	0.089	0.107	0.4	0.6	1
Disc Golf Course	0.000	0.036	0.8	0.2	1
Multi-Use Fields	0.134	0.249	2.6	1.4	4
Pavilion/Shelter	0.089	0.285	4.4	1.6	6
Trails	0.134	0.463	7.4	2.6	10
Playgrounds	0.134	0.214	1.8	1.2	3
Nature Center	0.045	0.071	0.6	0.4	1
Outdoor Classroom	0.179	0.178	0.0	1.0	1
Skate Park	0.045	0.036	0.0	0.2	0
Dog Park	0.045	0.036	0.0	0.2	0
Greenhouse	0.089	0.071	0.0	0.4	0
Batting Cage	0.089	0.071	0.0	0.4	0

Parks – Costs & Fee

	Needed to Serve:		Total New
	Current Pop	Future Pop	
Park Land	\$ 4,794,080	\$ 2,193,810	\$ 6,987,889
Recreation Facilities	\$ 5,949,609	\$ 3,594,829	\$ 9,544,439
CIE Preparation		\$ 27,057	\$ 27,057
Gross Total	\$ 10,743,689	\$ 5,815,696	\$ 16,559,385
New Development Taxes		\$ (860,352)	
Net New Development Cost		\$ 4,955,344	
÷ 5,718 New D/Us = Fee		\$ 866.57	

Police – Costs & Fee

	Needed to Serve:		Total New
	Current Pop	Future Pop	
New Facility Space	\$ -	\$ 382,792	\$ 382,792
911 Comm Equipment	\$ 220,550	\$ 42,450	\$ 263,000
CIE Preparation		\$ 27,057	\$ 27,057
Gross Total	\$ 220,550	\$ 452,299	\$ 672,849
New Development Taxes		\$ -	
Net New Development Cost		\$ 452,299	
÷ 16,860 New D/N pop = Fee		\$ 26.83	

Roads – Costs & Fee

	Needed to Serve:		Total New
	Current Pop	Future Pop	
Road Projects	\$ 9,923,191	\$ 2,168,961	\$ 12,092,152
CIE Preparation		\$ 27,057	\$ 27,057
Gross Total	\$ 9,923,191	\$ 2,196,018	\$ 12,119,209
New Development Taxes		\$ 1,192,017	
Net New Development Cost		\$ 1,004,001	
÷ 31,334 New Trip Ends = Fee		\$ 32.04	

Fee Schedule

The preceding figures show the MAXIMUM impact fees that could be adopted.

State Law provides that new development cannot be charged MORE than their “proportionate share” (i.e., the maximum).

However, the City could **adopt lower fees** than the maximum (a % across the board, for instance) ... and make up the difference **from other revenue** sources.

Fee Reductions

There are three ways to consider a fee reduction for a particular property:

- Exemptions
- Individual Assessments
- Administrative Appeals

Exemptions

State Law allows two types of exemptions from all or a part of an impact fee:

- One is for extraordinary economic development and employment growth ...
- and the other is for affordable housing.

- Rules:

The public policy that supports the exemption must be in the CIE; and

The amount exempted for the development project must be funded through a revenue source other than development impact fees.

Appeals

Individual Assessments and Appeals are handled on a case-by-case basis.

- Individual Assessments are done for uses that are unlike the uses on the Fee Schedule.
- Administrative Appeals are for any other reason.

Limitations on Impact Fees

- Impact fees must be spent in the same public facility categories for which they were collected.
- Impact fees must be deposited into an interest bearing account.
- Impact fees not encumbered within 6 years must be refunded to the fee payer, with interest.
- The same Level of Service must be applied to the existing population as new growth.
- All calculations must be made in Net Present Value.
- Annual Financial Reporting and STWP Update.

Next Steps

Mayor and Council –

- Appoint Impact Fee Advisory Committee
- Hold Kick-off Public Hearing

Consultant –

- Draft Capital Improvements Element
- Facilitate Advisory Committee Meetings
- Seek Mayor and Council Decisions

Advisory Committee

- Must have no more than 10 members but at least 5.
- At least 50% of the members must be representatives from the 'development, building, or real estate industries.'
- Suggestion – Each Council Member appoints one committee member, and the Mayor appoints 2, for a total of 8.

Q&A

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